AL HABTOOR RESEARCH CENTRE

The Cost of Transformation

State, Economy, and Society
in Trump's Second Term

AUGUST 2026

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ISSUED UNDER THE DIRECTION OF

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EXECUTIVE SUMMARY

A presidency measured against its own state

254	25	175bn	264k
EXECUTIVE ORDERS IN THE FOURTEEN MONTHS TO APRIL 2026	NATIONWIDE INJUNCTIONS IN THE FIRST HUNDRED DAYS, AGAINST 27 IN THE TWENTIETH CENTURY	DOLLARS OF REFUND LIABILITY, AT THE TOP OF THE ESTIMATED RANGE	FEDERAL POSTS CUT, NET — THE SMALLEST WORKFORCE SINCE 1966

This study examines one question in four stages: what the second Trump administration decided, and what that did to the institutions of the American state, to three specific groups of Americans, and to the American economy in 2030 and 2050.

The decisions were taken at unusual scale and by unusual means. Two hundred and fifty-four executive orders were signed in fourteen months. Tariff policy changed more than fifty times without a congressional vote, carrying the weighted average rate from 2.4 per cent to about 27 per cent in four months. Appropriated funds were withheld outside the process the Impoundment Control Act requires. Tax legislation is projected to add 4.7 trillion dollars to the deficit over ten years, against 3 trillion of tariff revenue whose largest component the Supreme Court then removed.

The institutional response was the sharpest on record. Federal courts issued twenty-five nationwide injunctions in the administration's first hundred days; they issued twenty-seven in the entire twentieth century. The Supreme Court struck down the emergency tariffs six to three, creating a refund liability of some 175 billion dollars.

Two rulings, on the two powers Article I gives Congress, produced opposite outcomes. The tariff ruling was obeyed and 81 billion dollars had been repaid by July 2026. An order to disburse appropriated funds was declined in writing by a federal agency. That asymmetry is this study's central institutional finding.

Below the courts, the bodies that examine the executive from inside it were reorganised while demand on them rose: at least twenty-two inspectors general removed, four times the normal caseload at the merit board with twenty fewer staff to hear it, and complaints to the Office of Special Counsel up 57 per cent. The first attempt in 111 years to remove a Governor of the Federal Reserve was blocked while the case proceeded.

The cost did not fall evenly. Farmers now draw between a quarter and three-tenths of net farm income from the Treasury rather than from markets, with sector debt at a record 624.7 billion dollars. Veterans faced an average neurology wait of 76.3 days against a twenty-eight-day standard. The civil service lost 264,000 posts, and 50,000 serving positions were made at-will.

A fourth group settles what the first three cannot. The law that funded the tax cuts appropriated more than 170 billion dollars for immigration enforcement, with signing bonuses to 50,000 dollars. The state did not lose the capacity to spend, hire or protect. It redirected it.

Over the longer horizon, federal debt passes the 1946 wartime peak in 2030 and reaches 175 per cent of output by 2056, at which point net interest becomes the largest line in the budget. Those projections assume a state able to execute an industrial policy, an energy transition and a rebuilt tax base. The period examined here reduced the machinery that would have to deliver them, and the statistical agencies that would register the difference. No institution models that as a variable and this study does not measure it; the tension between the two is the most consequential open question it identifies.

Contents

Figures and tables

Figures

Tables

Abbreviations

APA	Administrative Procedure Act
ARPA-E	Advanced Research Projects Agency–Energy
BEA	Bureau of Economic Analysis
BLS	Bureau of Labor Statistics
CBO	Congressional Budget Office
CBP	U.S. Customs and Border Protection
CBRE	CBRE Group, Inc.
CDC	Centers for Disease Control and Prevention
CHIPS	Creating Helpful Incentives to Produce Semiconductors
COFER	Currency Composition of Official Foreign Exchange Reserves
CPI	Consumer Price Index
CRS	Congressional Research Service
EIA	U.S. Energy Information Administration
EPA	Environmental Protection Agency
FRED	Federal Reserve Economic Data
FY	Fiscal year
GAO	U.S. Government Accountability Office
GDP	Gross domestic product
GSA	General Services Administration
HLR	Harvard Law Review
HS	Harmonized Commodity Description and Coding System, commonly the Harmonized System
ICA	Impoundment Control Act, enacted 1974
ICE	U.S. Immigration and Customs Enforcement
IEEPA	International Emergency Economic Powers Act, enacted 1977
IMF	International Monetary Fund
MIT	Massachusetts Institute of Technology
NIH	National Institutes of Health
NSF	U.S. National Science Foundation
OBBBA	One Big Beautiful Bill Act
OMB	Office of Management and Budget
PCE	Personal Consumption Expenditures price index
Q1, Q2	First quarter, second quarter
UAE	United Arab Emirates
UN	United Nations
UNCTAD	UN Trade and Development
UNIDO	United Nations Industrial Development Organization
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USTR	Office of the United States Trade Representative
VA	U.S. Department of Veterans Affairs

Glossary

Administrative capacity

The people, procedures and information a government needs in order to carry out what it has decided. This study does not measure it: no projecting institution models it as a variable, and no index of it is used here. It is named because the long-horizon projections in Part Four assume it, and Part Two records what happened to its components.

Basic Needs Allowance

A monthly payment to service members whose household income falls below a set multiple of the federal poverty guidelines. Its calculation counts the housing allowance as income, which can disqualify a household, or reduce what it receives, however high its actual housing costs.

Deferred resignation programme

An offer under which a federal employee resigns on a future date while remaining on the payroll until then. It produces a reduction in headcount recorded as voluntary departure rather than as a reduction in force.

Effective tariff rate

Duties actually collected divided by the value of imports. It differs from the applied average because trade shifts away from the goods carrying the highest rates, and because of exemptions and exclusions. The two are not interchangeable, and this study never combines them.

Executive order

A written directive from the President to the agencies of the executive branch, issued under constitutional or statutory authority. It binds the executive branch but cannot override a statute, and a later President may revoke it — subject to vested rights, to litigation, and to what has already been implemented.

Impoundment

The withholding by the executive of money that Congress has appropriated. A reportable rescission or deferral requires the process the Impoundment Control Act sets out; a reasonable delay genuinely needed to implement the appropriation is not necessarily an impoundment.

Major questions doctrine

A rule of statutory interpretation under which a court will not read a general statutory grant as authorising an action of vast economic or political significance unless Congress said so clearly.

Nationwide injunction

Relief that reaches beyond the plaintiffs before the court, preventing enforcement against people who are not parties to the case. Also called a universal injunction. Section 2.1.1 records the Supreme Court's June 2025 holding that such relief likely exceeds the equitable authority Congress granted the federal courts.

Presidential memorandum

A presidential directive similar in effect to an executive order. It is not automatically published in the Federal Register in the way an executive order is, although a memorandum of general applicability and legal effect must be; the practical result is that memoranda are harder to count and to track.

Proclamation

A presidential instrument, historically addressed to the public, which can also direct agencies and carry substantive legal effect. Tariff rates under delegated trade authority are commonly, though not exclusively, imposed by proclamation.

Programmatic delay

A pause in spending attributable to the practical work of carrying out a programme rather than to a policy objection. The distinction is what separates lawful delay from unlawful impoundment, and it is the ground on which the decisions in Section 2.5.4 turned.

Quorum, at the merit and labour boards

The minimum number of serving members the Merit Systems Protection Board or the Federal Labor Relations Authority needs in order to decide the cases before it. What a body may still do below quorum depends on its own statute and on any valid delegation; some work continues, but final disposition by the board does not.

Reduction in force

The formal procedure by which a federal agency abolishes posts, governed by rules on notice, order of release and reassignment rights. Reductions achieved through attrition or resignation avoid the procedure and the protections that come with it.

Reliquidation

Liquidation is the final computation of duty on an imported entry. Reliquidation is reopening that computation. Where tariffs collected under an invalidated measure are to be refunded, the route and the entitlement depend on the status of each entry, on whether it is final, on protests filed, and on the remedy actually ordered.

Rescission and deferral

The two mechanisms the Impoundment Control Act provides. A rescission proposes to cancel appropriated funds and lapses unless Congress approves it within a set period; a deferral delays their use and may be overturned by Congress. Both require a special message; neither may be used without one.

Schedule Policy/Career

An employment schedule, revived by executive order in 2025 and previously known as Schedule F, that reclassifies career positions deemed to be of a policy character. The posts remain career positions filled on merit, and veterans' preference, whistleblower and prohibited-personnel-practice protections continue to apply; what is removed is the set of adverse-action procedures that ordinarily precede removal.

Section 232

A provision of the Trade Expansion Act of 1962 permitting tariffs on imports found to threaten national security. It requires an investigation and a finding, and measures taken under it survived the ruling that struck down the emergency tariffs.

Section 301

A provision of the Trade Act of 1974 permitting action against a foreign practice found to be unjustifiable or unreasonable and to burden United States commerce.

Section 338

A provision of the Tariff Act of 1930 permitting additional duties against a country found to discriminate against United States commerce. It had not previously been used in the form invoked in July 2026.

Special message

The notice a President must transmit to Congress under the Impoundment Control Act in order to propose a rescission or a deferral. Withholding that requires such a message and proceeds without one is what the Government Accountability Office's violation decisions record; a genuine programmatic delay does not require one.

Void ab initio

Void from the outset. A measure held void in this way is treated as never having had legal effect. What follows for money already collected under it is a separate question, decided by the remedy ordered and by the procedural rules governing each affected entry.

Weighted average applied tariff

The average of the tariff rates a country applies, weighted by the composition of its imports in a fixed reference period. It measures the schedule as set.

Whistleblower disclosure

A disclosure by a federal employee of a violation of law, gross mismanagement, gross waste, abuse of authority, or a substantial danger to public health or safety. It may be made to a supervisor, an inspector general, the Office of Special Counsel, Congress or another protected recipient.

PART ONE

The **Decisions**

PART ONE · SECTION 1.1

The instruments of executive action

Between 20 January 2025 and 2 April 2026 the President of the United States signed 254 executive orders. He also issued 59 presidential memoranda and 136 proclamations. The count of executive orders alone, in fourteen months, exceeds the total of his entire first term.(1)

The instrument matters as much as the count. An executive order is a directive from the President to the agencies of the executive branch. It carries the force of law inside that branch, and it requires no vote in Congress. It can be issued in a morning and revoked in an afternoon. What it cannot do — as Part Two will show the courts repeatedly holding — is exercise a power the Constitution assigns to the legislature.

This is not, in itself, a departure. Every modern president governs partly by order. The departure is one of scale and of subject. The orders of this period were not confined to the management of the executive branch: they set tariff rates, they withheld money Congress had appropriated, they reclassified the terms on which career officials hold their jobs, and they reorganised or dissolved agencies created by statute. Each of those is, on its face, a legislative act.

254	**59**	**136**	**449**
EXECUTIVE ORDERS, JAN 2025 – APR 2026	PRESIDENTIAL MEMORANDA	PROCLAMATIONS	EXECUTIVE ACTIONS IN TOTAL

1.1.1 What the instruments were used for

Four uses account for most of the economic consequence traced in this study, and each is examined in turn below: the tariff regime imposed under emergency economic powers; the withholding of appropriated funds; the reduction and reclassification of the federal civil service; and the tax legislation enacted in July 2025. The first two were executive acts, challenged in court and largely struck down. The third was executive and survived. The fourth was an act of Congress and stands.

Treating them together is what makes the arithmetic legible. The tariff was presented as a revenue measure that would offset the cost of the tax cuts. When the tariff fell, the offset fell with it, and the fiscal effect of the legislation was left standing alone. That sequence — a revenue assumption removed by a court while the spending commitment it was meant to fund remained — is the fiscal spine of the whole period.

(1) Ballotpedia, Donald Trump's executive orders and actions, 2025–2026; Federal Register, Executive Orders Disposition Tables. Counts as of 2 April 2026.

PART ONE · SECTION 1.2

The tariff, raised by proclamation

The weighted average applied tariff rate of the United States stood at about 2.4 per cent in 2024, the settled product of eighty years of multilateral liberalisation. By April 2025 it stood at roughly 27 per cent. The change took four months and required no vote.(2)

FIGURE 1.1 The applied tariff rate before and after the emergency declaration

Four months, and no vote in Congress.

Source: Tax Foundation; Office of the United States Trade Representative. Measured.

The vehicle was the International Emergency Economic Powers Act of 1977, a statute that grants the President broad economic authority once a national emergency has been declared. On 2 April 2025 an emergency was declared centred on persistent trade deficits, border security and narcotics trafficking. Universal baseline tariffs of at least 10 per cent followed on goods from nearly every country, with punitive rates reaching 35 per cent on some trading partners.

Two features distinguish this from ordinary trade policy. The first is velocity: tariff policy changed more than fifty times in eighteen months, a pace that made the applicable rate on a given good a matter of near-daily uncertainty for importers. The second is the absence of the legislature: Article I, Section 8 of the Constitution assigns the power to lay duties to Congress, and Congress did not vote on any of it.

Parallel authorities were used alongside the emergency statute. Section 232 of the Trade Expansion Act of 1962 was invoked on national-security grounds to raise steel and aluminium duties to 50 per cent in June 2025, and extended to automobiles, copper, timber and — in January 2026 — to advanced computing semiconductors. Section 301 measures were directed at China and Brazil. In July 2026 Section 338 of the Tariff Act of 1930 was invoked against Canada, a provision not previously used in this form, imposing an additional 50 per cent duty across some 554 tariff lines, covering roughly 20 billion dollars of annual trade. Compliance with the rules of origin of the United States–Mexico–Canada Agreement did not exempt the goods.(3)

(2) Tax Foundation, Tracking the Impact of the Trump Tariffs & Trade War; Office of the United States Trade Representative, Presidential Tariff

BOTTOM LINE

A weighted average applied tariff rate of about 27 per cent was reached, sustained and repeatedly revised without a single congressional vote.

PART ONE · SECTION 1.3

The freeze on appropriated funds

An appropriation is a sum enacted by Congress, in law, for a stated purpose. The executive branch is obliged to spend it. Beginning in 2025 the Office of Management and Budget issued directives pausing federal financial assistance across multiple agencies, on the stated ground that the programmes required review for alignment with presidential priorities.

The Impoundment Control Act of 1974 exists precisely to govern this situation. Enacted after a previous president withheld appropriated funds at scale, it permits the executive to propose a rescission or a temporary deferral, but requires that the proposal be transmitted to Congress and, in the case of a rescission, approved by it. Withholding without that process is not a policy choice; it is a violation of the statute.

The Government Accountability Office, which is the auditing arm of Congress, formally determined that the administration had violated the Act by withholding funds appropriated for the Institute of Museum and Library Services. A federal district court in Rhode Island vacated the action and ordered the grants disbursed; the administration withdrew its appeal.

The pattern did not hold uniformly. In Global Health Council v. Trump, district courts initially enjoined a freeze on foreign assistance administered by the Agency for International Development and the State Department. In August 2025 the Court of Appeals for the District of Columbia Circuit vacated that injunction, holding that private plaintiffs have no cause of action under the Impoundment Control Act because the statute vests enforcement in the Comptroller General alone, and that the Administrative Procedure Act is precluded by it. The result is a circuit split on whether anyone other than Congress's own auditor can enforce the spending power in court.(4)

THE TWO ARTICLE I POWERS

Article I vests in Congress both the power to lay duties, in Section 8, and the power to appropriate, in Section 9. The tariff programme took the first. The funding freeze took the second. This study treats them as a pair because the courts did: the same Article was at issue in both, and only one of the two rulings was obeyed.

(3) Proclamations of 20 July 2026, effective 19 August 2026. The Section 122 surcharge they replaced had expired on 23 July 2026, having carried the trade-weighted average to about 9.1 per cent. The two averages differ because one weights by the tariff schedule as applied and the other by the value of trade actually flowing, which falls where rates are highest; they are not comparable and are never combined here.
(4) The practical consequence is that a statute written to protect the appropriations power may be enforceable only by an officer whom the executive branch can decline to accommodate.

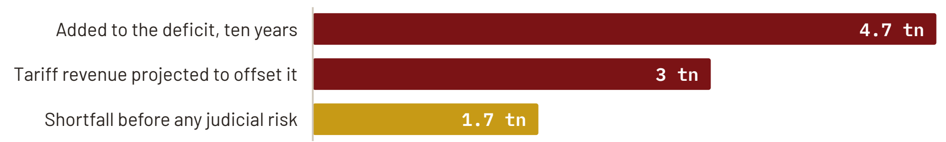
PART ONE · SECTION 1.4

The One Big Beautiful Bill Act

Where trade policy constrained supply, fiscal policy expanded demand. In July 2025 the One Big Beautiful Bill Act passed through the budget reconciliation process. Its centrepiece was the permanent extension of the expiring individual and estate provisions of the 2017 Tax Cuts and Jobs Act, together with exemptions for tips and overtime.

The Congressional Budget Office calculated that the Act would add 4.7 trillion dollars to the deficit over the 2026–2035 window, once dynamic macroeconomic feedback and additional debt service were taken into account. The administration's position was that tariff revenue — projected at some 3 trillion dollars over the decade — together with induced growth would cover the cost. (5)

FIGURE 1.2 The fiscal arithmetic of the One Big Beautiful Bill Act



The Supreme Court later removed the emergency-tariff component of the projected revenue; the sectoral tariffs and the spending both remained.

Source: Congressional Budget Office; administration statements. Derived: the shortfall is 4.7 less 3.0.

The Act also carried an agricultural title, raising statutory reference prices for major commodities by between 10 and 21 per cent and lifting the Agriculture Risk Coverage guarantee from 86 to 90 per cent, at a projected cost of 65.6 billion dollars over ten years. And it appropriated more than 170 billion dollars for immigration enforcement through 2029 — a figure returned to in Part Three, because it is the single clearest evidence that the period was not one of general austerity.

TABLE 1.1 — THE FOUR DECISIONS AND THEIR STATUS AS OF AUGUST 2026

Decision	Instrument	Authority claimed	Status
Universal tariffs	Executive proclamation	IEEPA 1977	Struck down, Feb 2026
Sectoral tariffs	Executive proclamation	Sections 232, 301, 338	In force
Funding freeze	OMB directive	Executive discretion	Held unlawful; partly unenforced
Tax legislation	Act of Congress	Article I	In force

Sources: Federal Register; USTR; GAO; Learning Resources, Inc. v. Trump; Congressional Budget Office.

(5) The arithmetic did not close even on the administration's own figures: three trillion of projected revenue against 4.7 trillion of added deficit leaves a gap of 1.7 trillion before any judicial risk is considered.

PART TWO

The **Institutions**

PART TWO · SECTION 2.1

How often courts halt an administration

A nationwide injunction is an order by a single federal district court halting a policy across the entire country, rather than only for the parties before it. It is the sharpest instrument the judiciary holds against the executive, and for most of American history it was rare.

In a 2019 address the then Attorney General observed that federal courts had issued only twenty-seven nationwide injunctions in the whole of the twentieth century. The Congressional Research Service counted twenty-five in the first hundred days of the second Trump administration alone.[6]

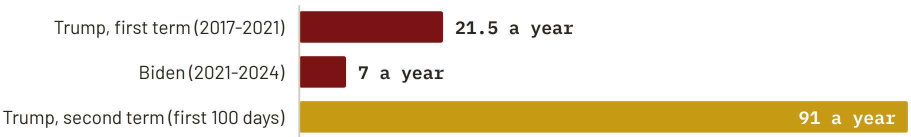
The comparison across administrations is the finding of this section, and it is best read from a single table. Two source series are given because they use different counting methodologies, and the difference is material: the Harvard Law Review series and the Congressional Research Service series disagree on the absolute counts while agreeing entirely on the shape.

TABLE 2.1 — NATIONWIDE INJUNCTIONS ISSUED AGAINST EACH ADMINISTRATION

Administration	Period	HLR count	CRS count
G. W. Bush	2001–2009	6	–
Obama	2009–2017	12	–
Trump, first term	2017–2021	64	86
Biden	2021–2024	14	28
Trump, second term – first 100 days	**2025**	**–**	**25**

The Harvard Law Review series covers Biden's first three years only. The two series are not additive and should not be combined. Sources: Harvard Law Review, April 2024; Congressional Research Service R48467 and R48476.

FIGURE 2.1 Nationwide injunctions at an annual rate, one counting series



Congressional Research Service counts only. The second-term bar annualises 25 injunctions in 100 days and is a rate, not an observed year.

Source: Congressional Research Service. Derived: totals divided by years in office; the second-term bar is an annualised rate, not an observed year.

Set against the twentieth-century total of twenty-seven, the figure of twenty-five in a hundred days is the single most economical statement of departure from precedent available in the record. It does not require characterising the policies at all. It records

(6) Congressional Research Service, R48476, Nationwide Injunctions in the First Hundred Days of the Second Trump Administration, May 2025; R48467 for the comparative series.

only how often, and how quickly, the judiciary concluded that it had to stop them.

2.1.1 The remedy the Supreme Court then narrowed

A count of nationwide injunctions has to be read alongside what happened to the remedy itself. On 27 June 2025 the Supreme Court held, six to three, that universal injunctions likely exceed the equitable authority Congress has granted the federal courts, and that relief should reach no further than is necessary to give the parties before the court complete relief.(7)

That ruling does not retract the twenty-five orders issued in the first hundred days; they were made and they took effect. What it changes is the reader's inference. The twenty-five cannot be read as the opening of a permanent new practice, because the instrument that produced them was narrowed five months later by the Court itself. Two things follow, and they point in opposite directions. The rate at which courts halted this administration in its first hundred days remains the sharpest on record, and is a measurement of that period. And the comparison with the twentieth century is a comparison across a doctrinal break: after June 2025 a court wanting to halt a policy nationally had to reach for other routes, so later counts are not continuous with earlier ones.

The Court left several such routes open, and the volume of litigation did not fall: 333 cases were active by the middle of 2026. Every injunction figure in this Part is therefore reported with its date, and none of them is projected forward.

The wider litigation picture is consistent. By the middle of 2026 there were 333 active cases challenging administration actions across the federal district and appellate courts. Courts had issued sixteen final judgments or permanent injunctions against the government, against eleven decided in its favour. The Supreme Court had intervened on an emergency basis eighteen times, on Lawfare's tracker.

BOTTOM LINE

Courts halted this administration in a hundred days about as often as they halted every president of the twentieth century combined.

PART TWO · SECTION 2.2

The taxing power: a ruling obeyed

On 20 February 2026 the Supreme Court decided Learning Resources, Inc. v. Trump by six votes to three, striking down the entirety of the tariffs imposed under emergency economic powers. The case consolidated suits brought by small businesses and state governments in the District Court for the District of Columbia and the Court of International Trade.

The Court held that the International Emergency Economic Powers Act does not authorise the President to impose tariffs.

(7) Trump v. CASA, Inc., 606 U.S. 831 (2025), decided 27 June 2025. The underlying dispute concerned Executive Order 14160 on the Citizenship

The reasoning divided the majority. The Chief Justice, joined by two colleagues, relied on the major questions doctrine: because Article I, Section 8 vests the power to tax exclusively in Congress, and because the statute authorises the President only to "regulate importation", the language failed to supply the clear congressional authorisation that a delegation of such economic and political significance requires. Three justices concurred in the judgment on strict textual grounds while explicitly declining to adopt the major questions framework. Three dissented, arguing that the doctrine should not constrain the executive in foreign affairs.

FIGURE 2.2 The tariff refund: ordered against paid

The liability is estimated at 166 to 175 billion dollars, owed to more than 330,000 importers.

Source: Learning Resources, Inc. v. Trump (2026); Treasury refund reporting. Measured; the upper bound of the estimate is shown.

2.2.1 The consequence of voidness

Because the measure was held void from its inception — never lawfully in force at all — everything collected under it became repayable. The liability was estimated at between 166 and 175 billion dollars, owed to more than 330,000 importers of record.

Customs and Border Protection opened the Consolidated Administration and Processing of Entries module on 20 April 2026 to handle the refunds. Rather than issuing automatic rebates it required importers or their brokers to file declarations through a multi-phase portal, with each entry manually reliquidated to strip out the invalid assessments while preserving concurrently applied and still-valid duties. On 3 June 2026 the Department of Justice appealed the nationwide scope of the Court of International Trade's reliquidation order, arguing that refunds should reach only the named plaintiffs. By July 2026 some 81 billion dollars had been repaid — a little under half.

175bn	**330**k	**81**bn	**46**%
DOLLARS OWED IN REFUNDS	IMPORTERS OWED	REPAID BY JULY 2026	SHARE OF THE LIABILITY DISCHARGED

The essential point for this study is not the sum. It is that the ruling was carried out. The tariffs stopped, the refund machinery was built, and money moved. Compliance was slow, contested at the margins and incomplete — but it happened.

PART TWO · SECTION 2.3

The spending power: an order refused

The second Article I power produced the opposite outcome. In litigation over the termination of the Environmental Protection Agency's Environmental and Climate Justice block grant programme, a district court ruled in June 2026 that the agency had violated the Administrative Procedure Act in eliminating it. In July the court ordered the agency to administer the funds before the statutory deadline in September.

The Environmental Protection Agency confirmed in writing that it would not comply, citing legal arguments the court had already rejected.(8)

The distinction between the two paths is the argument of this Part, and it can be stated without adjectives. Both powers belong to Congress under the same Article of the Constitution. Both were exercised by the executive. Both were litigated. One ruling was obeyed and the money was returned. The other was declined in writing and the money was not disbursed.

TABLE 2.2 — THE TWO ARTICLE I POWERS, AND WHAT HAPPENED TO EACH

	The taxing power	The spending power
Constitutional basis	Article I, Section 8	Article I, Section 9
Statute engaged	IEEPA 1977	Impoundment Control Act 1974
Executive action	Tariffs by proclamation	Appropriated funds withheld
Judicial finding	Unlawful; void ab initio	Unlawful under the APA and the ICA
Executive response	**Complied; refunds under way**	**Declined in writing**

Sources: Learning Resources, Inc. v. Trump (2026); GAO decisions on the Institute of Museum and Library Services; Global Health Council v. Trump (D.C. Cir. 2025); EPA correspondence, July 2026.

PART TWO · SECTION 2.4

The administration as plaintiff

A federal government ordinarily appears in court as a defendant, explaining decisions it has already taken. Between 2025 and 2026 this administration became, unusually, a plaintiff against the states.

Since May 2025 the Department of Justice sought voter registration files — including driver's licence and social security numbers — from almost every state, and sued thirty states and the District of Columbia when they declined. Separately it filed twenty-seven suits against more than twenty cities, counties and states over sanctuary policies, and four against states over climate legislation.

The outcome of the voter-data campaign is what makes it analytically interesting. Twenty-one federal district courts dism-

(8) This is the single most consequential fact in Part Two. A disputed interpretation is ordinary; a written refusal to execute a final order is not.

issed the suits on the merits. No court at any level — district or appellate — ruled in the Department's favour in any of them.(9)

A government that loses a case has lost a case. A government that brings sixty-two suits against subordinate jurisdictions and wins none of a major category is not, on the record, obtaining the remedies it asked for. What it does obtain is documented: the suits impose cost, delay and administrative burden on the defendant regardless of outcome, and that effect does not depend on prevailing.

PART TWO · SECTION 2.5

The oversight layer

Between the courts and the executive sits a third layer: the offices that examine the executive branch from inside it. Inspectors general audit their own departments. The Merit Systems Protection Board hears the appeals of dismissed civil servants. The Office of Special Counsel takes their complaints. The Government Accountability Office rules on whether appropriated money was lawfully withheld. None of these bodies can strike down a policy. What they do is produce a record.

All four were affected in the eighteen months examined here, and the pattern is consistent enough to state before the detail: the volume of complaint rose sharply while the bodies that receive it lost members, staff, or both.

2.5.1 The auditors

At least twenty-two inspectors general were removed, dismissed or formally replaced across twenty-three offices between January 2025 and August 2026. Eighteen of those, covering nineteen offices, fell in a single episode: seventeen people dismissed by identical notice on 24 January 2025, and the inspector general of USAID on 11 February.(10)

The count on its own proves less than it appears to. President Reagan removed fifteen inspectors general on taking office in 1981, and the Government Accountability Office reviewed those removals without finding them unlawful. A new president replacing the officials who audit him is not, by itself, novel.

What distinguishes this episode is a statute that did not exist in 1981. Since 2022, section 403(b)(1)(A) of title 5 has required the President to communicate in writing to both houses of Congress, no later than thirty days before removing a presidentially appointed inspector general, giving substantive case-specific reasons. The court found that no such communication was made before the January removals, and held the requirement violated. It then declined to reinstate anyone, finding no irreparable harm, and stayed the case pending guidance from a higher court.(11) The finding and the remedy point in opposite directions, and that divergence recurs throughout this Part.

(9) Brennan Center for Justice, an advocacy organisation, Tracker of Justice Department Requests for Voter Information; State Democracy Research Initiative, University of Wisconsin Law School.
(10) United States District Court for the District of Columbia, Storch v. Hegseth, opinion of 24 September 2025; Senate Committee on Homeland Security and Governmental Affairs, minority staff report, May 2025.
(11) Storch v. Hegseth, D.D.C., 24 September 2025. Eight of the removed inspectors general filed suit on 12 February 2025.

2.5.2 The adjudicators

The Merit Systems Protection Board lost its quorum on 10 April 2025 and did not recover it until 28 October, when a third member was sworn in. Here too the raw fact needs its base rate: the Board had no quorum at all between January 2017 and March 2022. Measured against a five-year gap, six months is unremarkable.

What was not unremarkable was the caseload that arrived during it. The Board received 20,335 initial appeals in the 2025 financial year, roughly four times its normal annual intake. Its regional and field offices processed 9,050. Its staff fell from 183 in January 2025 to 163, and sixteen planned hires were cancelled. Some 1,037 cases were pending at headquarters on 30 September.(12)

FIGURE 2.3 Appeals reaching the Merit Systems Protection Board, received against processed

Staff fell from 183 in January 2025 to 163, and sixteen planned hires were cancelled.

Source: Merit Systems Protection Board, FY2025 Annual Performance Report. Measured.

One change at the Board is permanent in a way the others are not. Its chair was removed by presidential email on 10 February 2025 with no cause stated. A district court ordered her reinstated; the Supreme Court stayed that order on 22 May 2025; the Court of Appeals for the District of Columbia Circuit held on 5 December 2025 that the statutory protection against removal was itself unconstitutional; and the Supreme Court declined to hear the case on 30 June 2026. The protection was not overridden in practice. It ceased to exist in law.(13)

2.5.3 The complaint channel

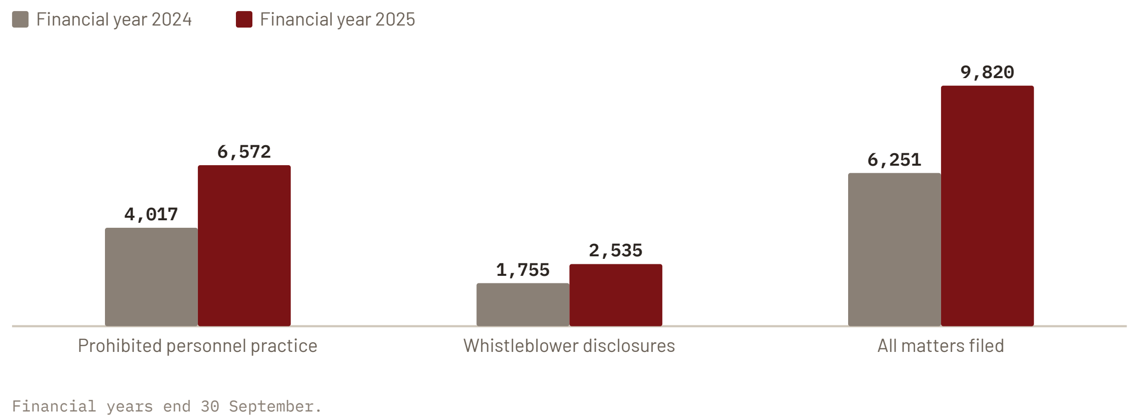
The Office of Special Counsel is headed by one official and requires no quorum, so the removal of the Special Counsel on 7 February 2025 did not stop it working. It therefore gives the cleanest available measurement of how many federal employees believed they had been treated unlawfully.

The office received 9,820 new matters in the 2025 financial year against 6,251 the year before — 57 per cent more than the previous year and 120 per cent above the preceding five-year average. Complaints of prohibited personnel practices rose from 4,017 to 6,572. Whistleblower disclosures

(12) Merit Systems Protection Board, FY2025 Annual Performance Report.
(13) D.C. Circuit, opinion of 5 December 2025; Supreme Court docket 25-1110, certiorari denied 30 June 2026.

rose from 1,755 to 2,535. The office closed 9,536 matters and still ended the year with an active inventory of 2,075, against 1,792 a year earlier. It obtained 397 favourable actions, 282 of them in retaliation cases.(14)

FIGURE 2.4 Complaints filed against the federal employer, FY2024 and FY2025



Source: U.S. Office of Special Counsel, FY2025 Annual Report to Congress. Measured.

The Federal Labor Relations Authority completes the layer. A member was removed on 10 February 2025; a district court reinstated her on 12 March; the appellate court stayed that reinstatement on 3 July, two days after her statutory term had in any case expired. The Authority kept a working quorum of two throughout. It ended the financial year with 2,167 matters pending across its adjudicative arm, its general counsel and its impasses panel.(15)

2.5.4 The auditor of appropriations

The Government Accountability Office issued seven decisions in 2025 finding that appropriated funds had been withheld in violation of the Impoundment Control Act: electric vehicle charging infrastructure in May, museum and library services in June, Head Start and a school energy programme in July, National Institutes of Health grants in August, and two separate decisions on Federal Emergency Management Agency appropriations in September. It has issued none so far in 2026.

The same index lists four such decisions for the whole of 2006 to 2024 — the 2006 rescissions, ARPA-E in 2017, a Coast Guard cutter in 2018, and Ukraine security assistance in 2020. That index is a recent-decision list rather than a complete historical census, so four should be read as a floor and the resulting rate of about one decision every five years as indicative rather than exact. Read even at its most conservative, the indexed decisions show a marked increase. What they cannot establish, on an incomplete historical list, is the true rate before 2025 or whether seven in a year is without precedent.(16)

(14) U.S. Office of Special Counsel, FY2025 Annual Report to Congress.
(15) Federal Labor Relations Authority, FY2025 Performance and Accountability Report, as at 30 September 2025.
(16) U.S. Government Accountability Office, Impoundment Control Act decision index: B-337137, B-337375, B-337202, B-337208, B-337203, B-337204.1 and B-337204.2.

TABLE 2.3 — THE OVERSIGHT LAYER IN THE 2025 FINANCIAL YEAR

Body	Leadership change	Able to act	Workload and backlog
Inspectors general	22 removed or replaced across 23 offices	Offices continued under acting officials	Not published as a series
Merit Systems Protection Board	Chair removed 10 Feb 2025; removal protection later struck down	No quorum, 10 Apr to 27 Oct 2025	20,335 appeals received; 9,050 processed; 1,037 pending
Office of Special Counsel	Special Counsel removed 7 Feb 2025	Throughout; no quorum required	9,820 matters received; 9,536 closed; 2,075 active
Federal Labor Relations Authority	One member removed 10 Feb 2025	Throughout; quorum of two retained	2,167 matters pending
Government Accountability Office	**None**	**Throughout**	**7 findings of unlawful impoundment in 2025**

Backlogs are as at 30 September 2025. Sources: agency annual reports; GAO Impoundment Control Act decision index; Storch v. Hegseth (D.D.C. 2025).

WHAT THE OVERSIGHT RECORD SHOWS

None of these bodies stopped. Four never lost the ability to act at all, and the fifth recovered it inside seven months. The measurable change is not that oversight was abolished but that demand on it rose faster than its capacity: four times the normal appeals to a board with twenty fewer staff, and 57 per cent more complaints to an office already carrying an inventory it could not clear.

PART TWO · SECTION 2.6

The independent agencies

Some federal bodies are designed not to answer to the President at all. Their members serve fixed terms, are removable only for cause, and set policy that the White House is not supposed to direct. Two actions in this period tested that design directly: an executive order asserting supervision over the whole category, and an attempt to remove a Governor of the Federal Reserve.

2.6.1 Supervision asserted by order

Executive Order 14215, signed on 18 February 2025, brought the independent regulatory agencies under presidential supervision in four respects: their rulemaking, their budgets, their performance standards and the legal positions they take. One exemption was written into it — the Federal Reserve's conduct of monetary policy. The Federal Reserve's regulatory functions were not exempted, and no other agency was.(17)

The order was challenged. The published challenge concerning the Federal Election Commission was dismissed and the case closed on 3 June 2025. The order stands.

2.6.2 The Federal Reserve

On 25 August 2025 the President sent Governor Lisa D. Cook a letter purporting to remove her for cause. The Supreme Court, reviewing the matter, described it as the first attempt by a President to remove a sitting Governor in the Federal Reserve's 111-year history. Governors serve fourteen-year terms and are removable for cause under

(17) Executive Order 14215, Ensuring Accountability for All Agencies, 18 February 2025.

section 242 of title 12.(18)

On 29 June 2026 the Court declined to allow the removal to take effect while the case proceeded. For the purposes of that interim decision it held two things: that the statutory standard of cause is reviewable by a court rather than being for the President alone to determine, and that Governor Cook had not been given a meaningful opportunity to respond before the letter was sent. She remained in office and the merits litigation continued past this study's cut-off.

Separately, the President repeatedly criticised the Chair of the Board, called publicly for his resignation, and raised whether cost overruns on the renovation of the Federal Reserve's headquarters might amount to cause for removal. The statute protects the Chair in his capacity as a Governor. Whether a Chair can be demoted from the chairmanship while remaining a Governor is not expressly settled in the Federal Reserve Act.(19)

2.6.3 What the market made of it

An event of this kind has a natural test. If financial markets read the attempted removal as the beginning of political control over American monetary policy, the price of dollar assets should have moved. Over the day following the letter, they barely did.

TABLE 2.4 — DOLLAR ASSETS OVER THE DAY AFTER THE REMOVAL LETTER

Measure	25 Aug	26 Aug	Move
Dollars per euro	1.1670	1.1657	+0.11% for the dollar
Broad dollar index	120.42	120.53	+0.09%
Ten-year Treasury yield	4.28%	4.26%	-2 basis points
Two-year Treasury yield	3.73%	3.61%	-12 basis points
S&P 500	**6,439.32**	**6,465.94**	**+0.41%**

Source: Federal Reserve Board and S&P Dow Jones Indices via FRED. Percentage moves are derived from the daily observations shown. A one-day window cannot separate this event from everything else priced on the same day.

The dollar strengthened marginally on both a bilateral and a broad basis. Two- and ten-year Treasury yields fell rather than rose. Equities gained. No broad adverse movement in dollar assets was observed that day.

Why it did not move is a question the data cannot answer. A one-day window cannot separate this event from everything else priced on the same day, and the series are descriptive: they record what prices did, not what anyone concluded. The absence of a repricing is compatible with investors thinking the attempt unimportant, with their thinking it unlikely to succeed, and with their attention being elsewhere. The Supreme Court's order ten months later is consistent with the second of those without establishing it.

(18) Trump v. Cook, Supreme Court of the United States, order of 29 June 2026; 12 U.S.C. §242.
(19) Congressional Research Service, IF13146, 8 January 2026. Chair Powell's term as Chair ended in May 2026.

THE PATTERN ACROSS PART TWO

Of the institutional constraints tested in this Part — the courts, the oversight bodies, the civil service and the independent agencies — the one that held most cleanly is the one with the fewest formal powers over policy. Central bank independence survived because a court enforced a procedural requirement, not because the attempt was not made.

PART TWO · SECTION 2.7

The civil service as an instrument

The career civil service was simultaneously a target of policy and the mechanism through which other policy was executed. Reducing it was therefore not only a personnel decision; it was a decision about what the state would remain able to do.

Between January 2025 and January 2026, 386,826 employees left the federal workforce. Around 17,000 of those departures were formal reductions in force; the large majority resigned or retired, many under the deferred resignation programme offered in February 2025, which paid participants through 30 September 2025 at a cost of some 4.5 billion dollars in administrative leave. Net of hiring, the workforce contracted by about 264,000 posts — roughly 12 per cent of a civilian workforce of some 2.2 million — leaving it the smallest since 1966.

Alongside the reduction came reclassification. Executive Order 14171, signed on the first day of the term, revived the mechanism known as Schedule F under the name Schedule Policy/Career. The final rule published by the Office of Personnel Management on 5 February 2026 permitted the removal of civil service protections, Merit Systems Protection Board appeal rights and ordinary due process from roughly 50,000 positions — about 2 per cent of that workforce — on the stated ground of enabling agencies to remove employees without procedural delay. A separate order in March 2025 ended collective bargaining for approximately two-thirds of the federal workforce and terminated payroll dues deduction.

Compensation moved in the same direction. The across-the-board increase for 2026 was 1.0 per cent with no locality adjustment — the smallest since 2021. Prices over the same period rose faster than that on every published measure, so the increase was a real-terms cut; the size of the cut is not stated here, because the inflation figures available for 2026 are quarterly rates at an annual pace and a twelve-month comparison cannot be built from them.[20]

ON ATTRIBUTION

A real-terms pay cut produces attrition without any further instrument being required. Where the record does not separate voluntary departure from induced departure, this study reports the aggregate and says so, rather than assigning a cause the data cannot support.

(20) Office of Personnel Management pay schedules for 2026; Bureau of Economic Analysis price series. The direction is measured; the magnitude is not, and Table 5.2 records the gap.

PART TWO · SECTION 2.8

What remains of administrative capacity

The reductions were concentrated, not diffuse. The Washington metropolitan area lost 103,900 jobs in the twelve months to January 2026 — the largest fall of any major metropolitan area in the country. Regional federal employment fell from about 375,800 to 312,500, a decline exceeding 63,000 and the lowest level in thirty years. Metropolitan unemployment rose from 4.7 to 5.6 per cent, and office vacancy reached about 22 per cent against 14.1 per cent at the end of 2019. (21)

Capacity is harder to measure than headcount, but it is what actually matters for Part Four. The clearest available proxy is service delivery, and the sharpest instance appears in Part Three: at the Department of Veterans Affairs, a reduction of some 17,000 posts coincided with an average wait for a neurology appointment of 76.3 days against the department's own twenty-eight-day specialty standard.

2.8.1 The apparatus that does the measuring

There is a particular difficulty in writing this section, and it is worth stating rather than working around. The instruments used throughout this study to measure what happened — the price indices, the employment surveys, the national accounts — are produced by agencies that were themselves reduced during the period being measured.

At the Bureau of Labor Statistics, all price collection was suspended in Lincoln, Nebraska and Provo, Utah in April 2025 and in Buffalo, New York in June, and about 15 per cent of the sample was suspended across the other seventy-two consumer price index areas. The Bureau's own simulations put the average effect on the all-items national index at less than 0.01 percentage point. Some 350 producer price indexes covering thirty-four industries were discontinued with the July 2025 data. The experimental daily and biweekly price indexes ended after March 2025. And about 900 state and metropolitan employment series were discontinued with the January 2026 estimates, having failed the publication criteria after annual benchmarking. (22)

The lapse in appropriations in the autumn of 2025 removed data outright rather than degrading it. No household survey was collected for October 2025 and the Bureau states that the month cannot be reconstructed retrospectively. October consumer prices were not collected either; the month was omitted and the November release rescheduled. The October producer price release was cancelled. The September employment cost index was delayed to 10 December. The Bureau of Economic Analysis cancelled two of its third-quarter estimates of gross domestic product. At the Census Bureau the 2025 American Housing Survey slipped from May 2026 to January 2027 or later, and the School Pulse Panel ended in July 2025.

Staffing is the one part of this that cannot be stated cleanly, and the reason is instructive. Two official documents count the Bureau of Labor Statistics differently: the Department of Labor's budget records 2,228 full-time equivalents in the 2024 fin-

(21) Bureau of Labor Statistics, The Economics Daily, April 2026; Cresa, Q1 2026 Washington DC market report, gives 22.0 per cent; CBRE gives 22.6 per cent, on 2025 data rather than the first quarter of 2026.

(22) Bureau of Labor Statistics collection and discontinuation notices, 2025–2026; 2025 benchmark article.

ancial year against 2,175 estimated for 2025, while the Office of Management and Budget's appendix records 1,635 for 2025 with 1,590 proposed for 2027. The two are built on different definitions of what counts. Both are given here because choosing one silently would misrepresent the certainty available.[23]

WHAT THIS MEANS FOR THE REST OF THE STUDY

None of these changes is large enough to overturn a finding reported here; the price indices in particular were affected by less than a hundredth of a percentage point. The consequence is narrower and it runs forward rather than back: October 2025 is missing from the household and price series permanently, several regional employment series end in January 2026, and the record against which the next administration will be measured is thinner than the one against which this one was.

The question this raises is not rhetorical, and Part Four returns to it as a matter of arithmetic rather than of judgement. The long-horizon projections for the American economy would have to be delivered by a state able to run an industrial policy, an energy transition and a restructuring of the tax base. Those are administrative undertakings. No projecting institution models the capacity to perform them, and this study does not measure it either; what it can put on the table is the record of what happened to the machinery over the same period.

2.8.2 Part Two in one table

Eight constraints on executive action were tested in the eighteen months examined here. The table sets out, for each, what an independent body found and what followed the finding. The two columns do not match, and the mismatch is the argument of this Part.

BOTTOM LINE

The institutions produced findings at an unprecedented rate. What varied was whether a finding changed anything. Where a court could order money moved, it was moved; where the remedy depended on an official acting, the finding stood on the record and the official did not act.

(23) Department of Labor, FY2026 Budget in Brief; Office of Management and Budget, FY2027 Budget Appendix.

TABLE 2.5 — WHAT WAS FOUND, AND WHAT FOLLOWED

Constraint tested	What a court or auditor found	What followed
Nationwide injunctions	25 issued in 100 days, against 27 in the twentieth century	Policies halted; 333 cases active by mid-2026
The taxing power	Emergency tariffs unlawful, six to three	Complied; 81 of some 175 billion dollars repaid
The spending power	Unlawful impoundment; seven GAO findings in 2025	A federal agency declined a final order in writing
Suits against the states	21 district courts dismissed on the merits; no win at any level	Suits continued; the cost fell on the defendants
Inspectors general	The 30-day notice requirement was violated	The removals stood; no one was reinstated
The merit board	Removal protection held unconstitutional	The protection ceased to exist in law
The Federal Reserve	Cause is reviewable; no opportunity to respond was given	The Governor remained in office
The civil service	**Not a judicial question**	**264,000 posts cut; 50,000 made at-will**

Positions as at 24 August 2026. Litigation in several rows was continuing at that date, and each legal claim in this Part carries the date on which it was accurate.

PART THREE

The **People**

PART THREE · SECTION 3.1

Why these three groups

Aggregate figures conceal distribution. A national growth rate of 1.5 per cent describes no household. This Part therefore moves from the economy to three specific populations, each selected because it satisfies four conditions at once.

Each was the subject of policy directed at it by name. Each was severely exposed to the general macroeconomic environment. Each carries high political salience, so that a cost imposed on it was visible rather than obscure. And each represents a structurally different mechanism of harm — which is the reason they are treated together rather than as three instances of the same thing.

TABLE 3.1 — THREE GROUPS, THREE MECHANISMS

Group	Mechanism of harm	Directed policy	Aggregate exposure
Farmers	The constituency that paid for a policy made in its name	Tariffs, retaliation, relief payments, labour enforcement	Input inflation, credit at 7.5–8.3%
Service members and veterans	Absolute rhetorical protection, structural fiscal squeeze	Pay, allowances, VA workforce reduction	Real pay below inflation
Federal civil servants	Simultaneously the target and the instrument	Reductions in force, Schedule Policy/Career, bargaining rights	1% rise against ~5% inflation

PART THREE · SECTION 3.2

Farmers: from market income to transfer

American agriculture was rhetorically central to the trade programme and was simultaneously its principal domestic casualty. Foreign retaliation removed export markets; tariffs on steel, aluminium and fertiliser raised the cost of machinery and inputs; immigration enforcement removed labour.

The federal response was large. On 8 December 2025 the Department of Agriculture announced the Farmer Bridge Assistance Program, authorised at 12 billion dollars — 11 billion for row-crop producers and 1 billion for specialty crops — funded through Commodity Credit Corporation borrowing authority rather than by appropriation or tariff revenue. Payments were made per planted acre on a uniform national formula: 44.36 dollars for corn, 30.88 for soybeans, 39.35 for wheat and 117.35 for cotton, capped at 155,000 dollars per person and restricted to those with adjusted gross income below 900,000 dollars. Enrolment opened on 23 February 2026.

Against estimated crop-year losses of between 35 and 44 billion dollars, twelve billion covers between a quarter and a third. On an advocacy organisation's analysis, around forty per cent of it flowed to the largest operations, because a payment made per acre necessarily favours those with more acres.[24]

(24) Environmental Working Group, an advocacy organisation, analysis of February 2026.

3.2.1 The change in what farm income is

The structural finding is not the size of the relief but what it did to the composition of farm income. Direct government payments fell to a trough of 9.3 billion dollars in 2024, then rose to 30.5 billion in 2025 and 44.3 billion in 2026 — nearly five times the trough in two years. The 2026 values are USDA forecasts, not measurements, and two USDA vintages disagree on the denominator: the Economic Research Service series used here puts calendar-2026 net farm income at 153.4 billion dollars, while the February 2026 baseline puts it at 183.3 billion. Direct payments are therefore between a quarter and 29 per cent of net farm income, and on the lower denominator income without them falls to 109.1 billion.[25]

FIGURE 3.1 Direct government payments to farmers

Between a quarter and three-tenths of net farm income in 2026; the two USDA vintages differ. Nominal dollars.

Source: USDA Economic Research Service, Farm Income and Wealth Statistics. The 2024 and 2025 values are measured; the 2026 value is a forecast.

A sector that earned its income from markets now draws something between a quarter and three-tenths of it from the Treasury. That is a change in the character of the activity, not merely in its profitability.

9.3bn	44.3bn	25–30%	624.7bn
DIRECT PAYMENTS, 2024 TROUGH	DIRECT PAYMENTS, 2026	SHARE OF NET FARM INCOME	RECORD SECTOR DEBT

Distress accelerated regardless. Total farm sector debt reached a record 624.7 billion dollars. Chapter 12 family farm bankruptcies rose 46 per cent in 2025 to 315 filings, the second consecutive annual increase, concentrated in the Midwest (121 filings, up 70 per cent) and the Southeast (105 filings, up 69 per cent). Arkansas led the nation with 33.

Chapter 12 understates failure, and the reason is structural. To qualify, a family must derive the majority of its income from farming. Margin compression pushes spouses into off-farm employment to secure health insurance and liquidity — which disqualifies the household from the very relief mechanism that would record its failure. The 315 filings are a floor, not a measure.

(25) USDA Economic Research Service, Farm Income and Wealth Statistics; USDA February 2026 baseline, OCE-2026-1. Nominal dollars. Both 2026 values are labelled forecasts by the publishing agency, and the discrepancy is recorded in Table 5.2.

Operating credit tells the same story from the other side. Average interest rates on farm loans held between 7.5 and 8.3 per cent through 2025, roughly a hundred basis points above the ten-year average and the highest sustained level since 2007. The volume of new operating loans rose nearly 40 per cent year on year in the fourth quarter of 2025, and average loan size grew 30 per cent in real terms. Farmland values nonetheless held, because ad hoc government payments capitalise into land prices — and the land is the collateral that allows the operating credit to be extended at all. The support is not sustaining income so much as sustaining the security against which the sector borrows.

PART THREE · SECTION 3.3

Service members and veterans

No group in American public life receives stronger verbal commitment from both parties. The mechanism of harm here is therefore not rhetorical hostility but arithmetic: nominal protections that inflation removed, and an administrative apparatus reduced while the obligations it administers remained.

The 2025 National Defense Authorization Act granted a 4.5 per cent pay increase and permanently expanded eligibility for the Basic Needs Allowance to households below 200 per cent of the federal poverty guidelines. Grades E-1 to E-4 received a further targeted increase from 1 April 2025 under section 601 of the same Act, so the 4.5 per cent figure understates what the most junior ranks received and states what everyone above them did.[26]

The Basic Needs Allowance itself contains a defect worth stating precisely, because it is a case of a policy defeating itself in its own text. The statutory calculation of gross household income requires the inclusion of all military pay and allowances, including the Basic Allowance for Housing. Counting housing allowance as income inflates the paper income of off-base families, which disqualifies them from the Supplemental Nutrition Assistance Program and limits the reach of the allowance that was created to help them. Roughly a quarter of military families were measured as food insecure in a 2023 Department of Defense survey.[27]

3.3.1 The administrative reduction and its consequence

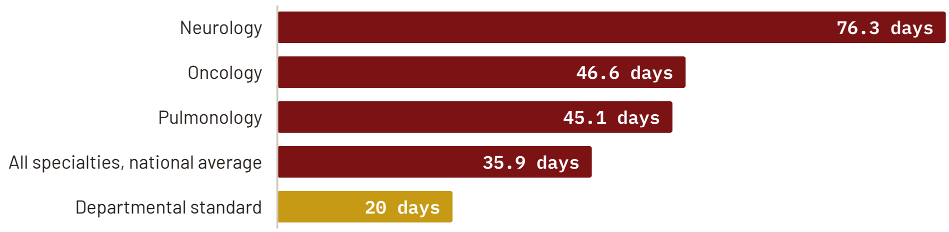
The Department of Veterans Affairs was initially targeted for 83,000 job reductions. After objection from veterans' organisations and Congress the plan was revised to a net reduction of roughly 30,000 by the end of fiscal 2025, achieved through attrition, early retirement, the hiring freeze and the deferred resignation programme rather than formal reductions in force. Headcount fell from about 484,000 in January 2025 to 467,000 by June — a loss of 17,000 in six months.

The service consequence is measurable, and the measurement needs its scope stated. Across the twenty-one medical centres tracked by the Vet Voice Foundation, wait times for new patients had increased at 71

(26) National Defense Authorization Act for Fiscal Year 2025, sections 601 and 602. This study does not set the raise against a price index: the inflation figures available for the period are quarterly rates at an annual pace and a raise cannot be tested against them.
(27) The 2023 survey is the most recent measurement located; no later figure appears in the public record as of August 2026.

per cent of sites by early 2026, and the primary-care average across those centres reached 35.9 days. The department's access standard for primary care and mental health is twenty days. In the specialties most relevant to post-9/11 veterans — traumatic brain injury and toxic exposure — the averages were 76.3 days for neurology, 46.6 for oncology and 45.1 for pulmonology, against a specialty-care standard of twenty-eight days.(28)

FIGURE 3.2 **Average wait for a new patient appointment against the department's own standard**



Neurology and oncology are the specialties most relevant to traumatic brain injury and toxic exposure.

Source: Vet Voice Foundation, an advocacy organisation; figures are presented as that organisation reports them. Departmental standard: U.S. Department of Veterans Affairs.

The mortality context is where this becomes serious. The Department's own National Veteran Suicide Prevention Annual Report, published February 2026 on 2023 data, recorded 6,398 veteran suicides, with rates per 100,000 rising for both men (37.8) and women (13.9). A published population study comparing 2019–2020 with 2025–2026 found past-two-week suicidal ideation among veterans rising from 9.0 to 13.4 per cent, an increase of 49 per cent, with only 35.5 per cent of those reporting ideation engaged in any mental health treatment. The Department's own report records that 61 per cent of veterans who died by suicide in 2023 were not receiving its health care in their final year.(29)

WHAT THIS DOES AND DOES NOT ESTABLISH

Staffing fell, and waits at the centres studied were above the department's own standards. The sources record those two things separately; none of them estimates the effect of the first on the second, and no such estimate is made here. The connection between longer waits and mortality is likewise not established by these figures and is not asserted. The 61 per cent figure describes 2023, before the staffing reduction, and is reported as context for the system's reach rather than as a consequence of the reduction.

Veterans were also exposed through a second channel. They constitute 27.4 per cent of the federal civilian workforce — 621,751 veterans out of 2,267,091 employees in the 2024 financial year — and made up about 16 per cent of the first 38,000 people to

(28) Vet Voice Foundation, an advocacy organisation, wait-time tracker; the figures are presented as that organisation reports them and cover the centres it studied, not the system as a whole. The access standards are the Department's own: twenty days for primary and mental health care, twenty-eight for specialty care.

(29) Department of Veterans Affairs, National Veteran Suicide Prevention Annual Report, February 2026, on 2023 data. The ideation series is Fischer and others, JAMA Network Open 2026;9(7):e2624114, published 20 July 2026.

leave.[30] Veteran unemployment rose from 2.8 per cent a year earlier to 4.0 per cent, against a national rate that reached 4.3 per cent in the first quarter of 2026. A veteran separated from federal employment then relies on a Department of Veterans Affairs reduced by the same policy.

PART THREE · SECTION 3.4

Federal civil servants

The quantitative record for this group appears in Part Two, because the reduction of the civil service is simultaneously an institutional fact and a distributional one. What remains to be stated here is its character as a change in social position rather than in headcount.

The American civil service has been insulated from political removal since the Pendleton Act of 1883, an arrangement adopted after a president was assassinated by a disappointed office-seeker. Its purpose was never the comfort of officials; it was to secure technical judgement that does not depend on political approval. Converting 50,000 positions to at-will status alters what an actuary, a statistician or a regulator can afford to conclude.

The measurable effects are geographic and financial: 103,900 jobs lost in the capital region in twelve months, regional federal employment at a thirty-year low, a real-terms pay cut whose size Part Two declines to state, and the end of collective bargaining for two-thirds of the workforce. The unmeasurable effect is the one that matters for Part Four, and honesty requires saying that it is unmeasured: what a reduced, at-will, real-terms-poorer technical workforce can still be relied upon to execute.

PART THREE · SECTION 3.5

The comparison cohort

A study of three groups that lost proves less than it appears to, because a general fiscal contraction would produce the same picture. The control is therefore a fourth group, drawn from the same federal payroll and funded by the same legislation.

The One Big Beautiful Bill Act appropriated more than 170 billion dollars for immigration enforcement, detention and removal, available through 2029. Immigration and Customs Enforcement received over 75 billion — close to ten times its historical annual budget — including 45 billion for detention capacity and nearly 30 billion to hire 10,000 additional enforcement and removal staff. Customs and Border Protection received over 70 billion, including 46.5 billion for physical barriers and 4.1 billion to hire and train 6,000 personnel.

To fill those posts in a tight labour market, the Department of Homeland Security offered signing bonuses of up to 50,000 dollars, student loan repayment of up to 60,000 dollars, removal of the hiring age cap and 25 per cent law-enforcement availability pay. Customs and Border Protection

(30) Office of Personnel Management, Employment of Veterans in the Federal Executive Branch, FY2024.

offered 20,000 dollars in recruitment incentives and 40,000 in retention incentives over four years for Border Patrol agents.

Legal protection moved in the same direction. While career officials lost removal protections, the executive litigated affirmatively on behalf of enforcement personnel: in United States v. California it challenged state statutes requiring federal agents to display identification and prohibiting facial coverings, obtaining a preliminary injunction in February 2026 and a unanimous Ninth Circuit ruling in April.

TABLE 3.2 — TWO FEDERAL EMPLOYEES, THE SAME YEAR, OPPOSITE DIRECTIONS

	Federal civil servant	Immigration enforcement agent
Pay change, 2026	+1.0 per cent, no locality	Up to 50,000 dollars signing bonus
Additional inducement	None	Up to 60,000 dollars loan repayment
Headcount	−264,000 net	+16,000 posts authorised, not a measured headcount
Employment protection	50,000 posts made at-will	Identity-concealment rules defended in court
Funding source	**Annual appropriation**	**One Big Beautiful Bill Act, 170bn through 2029**

Sources: Office of Personnel Management; Department of Homeland Security recruitment materials; One Big Beautiful Bill Act.

PART THREE · SECTION 3.6

What the distribution shows

The comparison cohort settles the question the first three groups could not. The state did not lose the capacity to spend, to hire, to raise pay or to defend its employees in court. It exercised all four, in the same year, in the same period, for a different population.

FIGURE 3.3 Two directions in the same year, by parallel federal actions

The reduction was made by executive action; the appropriation was made by statute. Both fall in the same year.

Source: Office of Personnel Management; One Big Beautiful Bill Act. Measured.

BOTTOM LINE

What happened in this period was not general austerity. It was redistribution — of money, of headcount and of legal protection — from civil administration and the social safety net towards border and interior enforcement.

The comparison is legitimate for a narrow reason, and it is not that one statute did both things. The One Big Beautiful Bill Act appropriated more than 170 billion dollars for immigration enforcement through 2029 and 65.6 billion over ten years for the agricultural title; the reductions that fell on the civil service were made by executive action running in parallel with it. What the two share is the government that took them and the eighteen months in which they were taken. A government short of money does not raise pay in one department while cutting it in another, and a government short of administrative capacity does not authorise sixteen thousand new posts in the same year it removes two hundred and sixty-four thousand.

What the comparison does not show is equally clear. It does not show that the money moved from one group to the other; appropriations are not transfers and the two lines were never in the same account. It does not show that the enforcement appropriation was made in order to reduce the civil service. And it does not measure the return on either. What it shows is that the constraint offered for one decision was absent from the other, taken in the same period by the same government.

That formulation is deliberately narrow. It does not claim that the redistribution was the purpose of the policy, only that it was its effect, and that the effect is documented on both sides of the ledger, in the same period, by the same government.

TABLE 3.3 — THE THREE GROUPS AND THE COMPARISON COHORT

Group	Instrument	What was measured, or authorised
Farmers	Tariffs, then relief payments	Direct payments 9.3 to 44.3 billion dollars; between a quarter and three-tenths of net farm income; sector debt 624.7 billion; family farm bankruptcies up 46 per cent
Service members and veterans	Defence authorisation pay; departmental staffing	4.5 per cent pay increase, with a further targeted rise for grades E-1 to E-4; 17,000 posts cut; 76.3-day average neurology wait against a twenty-eight-day standard
Federal civil servants	Executive orders, reductions in force, reclassification	264,000 net posts lost; 50,000 positions made at-will; a real-terms pay cut, size not stated
Immigration enforcement	**One Big Beautiful Bill Act appropriation**	**More than 170 billion dollars through 2029; signing bonuses to 50,000 dollars; 16,000 posts authorised, not a measured headcount**

The first three rows are drawn from Sections 3.2 to 3.4 and the fourth from Section 3.5. Every figure carries its source at the point where it is first given.

PART FOUR

The Economy to **2030 and 2050**

PART FOUR · SECTION 4.1

The immediate result

Supply was constrained by tariffs; demand was expanded by tax cuts. The two moved against each other, and three indicators diverged in the way that defines stagflation: growth falling, prices rising, employment stalling.

Real gross domestic product grew 2.1 per cent in calendar 2025 on the Bureau of Economic Analysis's third estimate, decelerated to an annualised 2.1 per cent in the first quarter of 2026 and to an advance estimate of 1.5 per cent in the second. The Personal Consumption Expenditures price index — the Federal Reserve's preferred measure — ran at about 2.4 per cent for calendar 2024, and at quarterly annualised rates of 4.6 per cent in the first quarter of 2026 and 5.1 per cent in the second. An annual rate and a quarterly rate at an annual pace are different measures, and the gap between them is not read here as a twelve-month inflation rate. Federal Reserve analysis concluded that the 2025 tariff regime raised core goods prices by 3.1 per cent, accounting for effectively all of the excess inflation in that category relative to pre-pandemic trend.

Employment growth collapsed. Monthly nonfarm payroll creation averaged about 125,100 through 2025; survey forecasts for 2026 put it at between 34,600 and 55,200 — between a quarter and a half of the prior rate. Unemployment rose from the low four per cent range to 4.3 per cent in the first quarter of 2026, with forecasters expecting 4.5 per cent by year end.

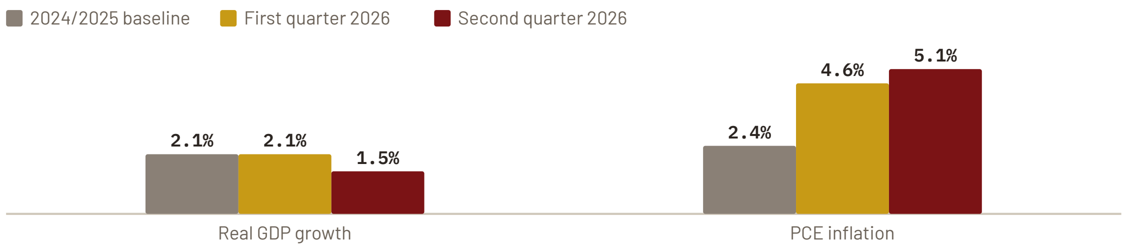
The Tax Foundation estimated that the sectoral tariffs alone would permanently reduce long-run output by 0.4 per cent, depress the capital stock by 0.3 per cent and eliminate 367,000 full-time equivalent jobs. The household cost of the tariff regime was estimated at about 1,000 dollars in 2025 and 840 to 900 dollars in 2026.

TABLE 4.1 — THREE INDICATORS, OPPOSING DIRECTIONS

Indicator	Before	Q1 2026	Q2 2026
Real GDP growth	2.1% (2025)	2.1%	1.5%
PCE inflation‡	2.4% (2024, annual)	4.6%	5.1%
Monthly job creation	125,100 (2025)	–	34,600–55,200†

‡ The 2024 figure is an annual rate; the two 2026 figures are quarterly rates at an annual pace, and the three are not directly comparable. † A forecast range, not a measurement: the other five values in this table are published actuals. Sources: Bureau of Economic Analysis; Federal Reserve; Philadelphia Fed Survey of Professional Forecasters.

FIGURE 4.1 Growth and prices in the same quarters



GDP baseline is calendar 2025 and the inflation baseline calendar 2024; the 2026 figures are quarterly rates at an annual pace.

Source: Bureau of Economic Analysis; Bureau of Labor Statistics. Measured. GDP baseline is 2025; inflation baseline is 2024.

PART FOUR · SECTION 4.2

Trade, investment and who replaced America

The balance of foreign direct investment flows changed direction. Inward investment exceeded outward in five of the preceding eight years; in 2025 the balance was negative again, with 258.7 billion dollars of inward financial transactions against 341.3 billion of outward — a flow balance of minus 82.6 billion. That is not the largest deficit in the series: 2020 recorded minus 145.3 billion. The first quarter of 2026 recorded a further deficit of 49.1 billion; that is a single quarter and is not annualised.[31]

The bilateral goods deficit with China peaked during the first Trump term and narrowed sharply in 2025. The 2026 partial-year observation covers January to June and cannot be compared directly with an annual figure.

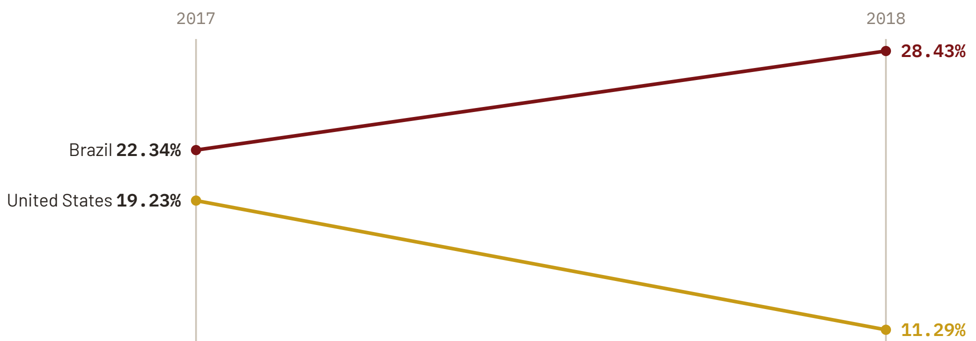
4.2.1 Who took the agricultural market

The most consequential trade finding in this study concerns not the deficit but the substitution, and it can be dated precisely.

Between calendar 2017 and calendar 2018, Brazil's share of Chinese agricultural imports rose 6.09 percentage points, from 22.34 to 28.43 per cent. The United States' share fell 7.94 percentage points, from 19.23 to 11.29. Australia gained 0.11. The two changes fall in the same year; a 7.94-point loss and a 6.09-point gain are not a single transfer and are not described as one.

(31) Bureau of Economic Analysis, International Transactions Table 6.1, annual update of 24 June 2026. No full-year 2026 figure exists in the public record as of the cut-off. Announced greenfield project values published by UNCTAD are announcements, not balance-of-payments flows, and must not be added to this series.

FIGURE 4.2 Share of China's agricultural imports on this study's proxy, 2017 against 2018



Brazil gains 6.09 percentage points; the United States loses 7.94; Australia gains 0.11. HS chapters 01-24 excluding 03; shares derived for this study.

Source: China-reported customs data via UN Comtrade, HS chapters 01–24 excluding 03. Levels measured; the shares and the point changes are derived for this study.

By 2024 Brazil supplied 71.07 per cent of China's soybean imports by volume and 69.14 per cent by value; the Department of Agriculture's own rounded figure is 71 per cent.(32)

Market share of this kind is not recovered by removing the tariff that lost it. Brazilian producers responded to the 2018 opening with sustained capital investment in acreage, crushing capacity and port logistics. Those assets do not disappear when American policy changes; they compete.

BOTTOM LINE

In a single year the United States lost 7.94 percentage points of the Chinese agricultural market and Brazil gained 6.09 of them. Neither move has reversed.

PART FOUR · SECTION 4.3

Industrial output and poverty

The stated purpose of the tariff programme was to rebuild American manufacturing. Between March 2025 — the month before the universal tariffs — and July 2026, the Federal Reserve's industrial production index rose 1.93 per cent and its manufacturing sub-index rose 1.98 per cent. Manufacturing employment over the same window fell 0.43 per cent.

(32) Shares are computed from China-reported customs data via UN Comtrade across HS chapters 01–24 excluding 03. Percentage-point differences are reported to two decimals because rounding them to whole numbers erases the finding.

FIGURE 4.3 Industrial output and manufacturing employment over the same window

March 2025 to July 2026.

Source: Federal Reserve; Bureau of Labor Statistics. Monthly levels measured; the percentage changes are derived for this study, and July 2026 employment was preliminary at the cut-off. No official source attributes either movement to the tariff measures, and neither does this study.

Output rose slightly; the jobs did not follow. The official record does not attribute either movement directly to the tariff measures, and this study does not do so either. What can be said is narrower and still useful: over the window in which the measures were in force, the manufacturing employment that was their stated object did not increase.

On poverty, the most recent published Census figures show the Supplemental Poverty Measure at its 2021 low of 7.7 per cent — the effect of pandemic-era transfers — rising to 12.7 per cent in 2023 and 13.0 per cent in 2024 as those transfers expired. Child poverty under the same measure fell to 5.1 per cent in 2021 and stood at 13.4 per cent in 2024. No 2025 or 2026 figure has been published. The series used here is the corrected version issued in August 2026; the superseded values differ.(33)

PART FOUR · SECTION 4.4

The debt path to 2056

Federal debt held by the public stood at about 101 per cent of gross domestic product in 2026. On the Congressional Budget Office's projections it reaches 108 per cent in 2030, 120 in 2036, 144 in 2046 and 175 by 2056.

The 2030 figure is the one that carries meaning. It passes the previous historical peak of 106 per cent, set in 1946 in the immediate aftermath of the Second World War. The difference between the two is the whole point: the 1946 figure was the residue of a global conflict and fell steadily thereafter; the 2030 figure is a structural baseline reached in peacetime and rising.

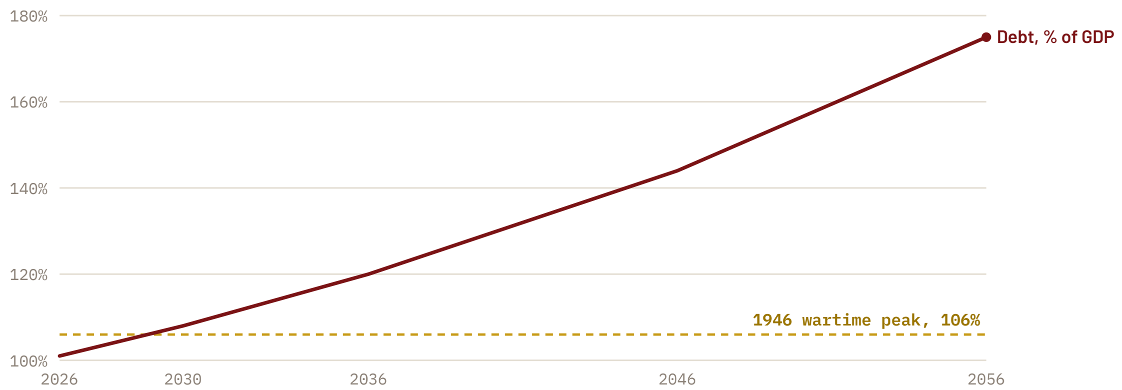
(33) Census Bureau, Income and Poverty in the United States, and the Supplemental Poverty Measure correction of August 2026. Because no post-2024 measurement exists, this study makes no claim about poverty under the policies described in Parts One and Two.

TABLE 4.2 — FEDERAL DEBT HELD BY THE PUBLIC, CBO PROJECTION

Fiscal year	Debt, % of GDP	Deficit, % of GDP	Principal driver
2026	101	5.8	Discretionary and mandatory spending
2030	108	6.0	Net interest and Medicare
2036	120	6.7	Compounding debt service
2046	144	7.7	Trust fund insolvency
2056	**175**	**9.1**	**Structural demographic imbalance**

Projection, not measurement. The February 2026 outlook was completed before the tariff ruling of 20 February 2026 and does not incorporate it. Source: Congressional Budget Office long-term budget outlooks. The 1946 peak was 106 per cent.

FIGURE 4.4 Federal debt held by the public, against the 1946 wartime peak



The 1946 peak followed a war that ended. This path has no terminal event. The line crosses it between 2026 and 2030.

Source: Congressional Budget Office, long-term budget outlook. Projected.

By 2056 net interest on the debt reaches 6.9 per cent of output and becomes the largest single line in the federal budget, exceeding Social Security. Total outlays reach 27.9 per cent of output against revenues of 18.8 per cent. Three trust funds are exhausted before that point on current law: the Highway Trust Fund in 2028, Social Security Old-Age and Survivors Insurance in 2032, and Medicare Hospital Insurance around 2040. Deaths exceed births from 2030 on the Congressional Budget Office's January 2026 demographic projection, from which point net immigration accounts for all population growth.

The distributional consequence returns us to Part Three, and it needs stating carefully. Veterans' benefits are mandatory spending; the Department's medical and administrative accounts are funded discretionarily, and defence is discretionary. A rising mandatory line does not mechanically cut any of them — what it does is narrow the room a future Congress has, and which programmes absorb that is a legislative choice rather than an accounting result. The 2026 pay increase for service members and the fiscal path created by the same legislation point in opposite directions over this horizon.

PART FOUR · SECTION 4.5

Industry, agriculture and the dollar

Three long-horizon series complete the picture, and each carries a different quality of evidence. Care in distinguishing them is the point of this section.

4.5.1 Industry

The Energy Information Administration projects the value of industrial shipments rising from 8,703 billion dollars in 2025 to 9,096 billion in 2030 and 10,769 billion in 2050, in constant 2012 dollars. Two qualifications belong with those numbers. The value of shipments is an output proxy, not manufacturing value added. And the series comes from the counterfactual baseline of the 2026 Annual Energy Outlook, a scenario built for comparing policies rather than an unconditional forecast. It should not be read as a forecast of what tariff policy will achieve.

The one clear industrial gain of the period belongs to a law passed in 2022, not 2025. Under the CHIPS and Science Act, United States semiconductor manufacturing capacity is projected to triple between 2022 and 2032, and the American share of advanced logic manufacturing below ten nanometres to rise from effectively zero in 2022 to about 28 per cent of global capacity by 2032. Attributing that to the policies of this study would be an error, and it is noted here precisely so that the error is not made.

4.5.2 The tax asymmetry

A structural feature shapes what industrial revival can mean for employment. Labour is taxed at an effective average rate of about 25 per cent; capital investment — software, servers, robotics — at closer to 5 per cent following successive rounds of corporate tax reform. The gap creates an incentive to substitute machines for workers even where the worker is equally productive, because the substitution is rewarded by the tax code rather than by productivity.(34)

4.5.3 The dollar

The dollar's share of allocated global foreign exchange reserves fell from about 71 per cent in 1999 to roughly 57 per cent by the mid-2020s. Within that series the share was not taken by the euro, sterling or the yen but by a basket of non-traditional currencies — the Australian and Canadian dollars, the Korean won, the renminbi. Central banks also resumed accumulating gold on a substantial scale, but monetary gold sits outside the foreign-exchange denominator this series uses; it is a separate movement, not a share captured within it.(35)

The International Monetary Fund publishes the COFER series but does not publish a long-run forecast of reserve composition. Any figure for 2030 or 2050 is therefore a third-party projection and is identified as such wherever it appears in this study. No projection of the dollar's reserve share is asserted here as fact.(36)

(34) Research at MIT on the tax treatment of capital against labour. The mechanism is general and is not applied here to Section 4.3.

What can be said on the record is that multilateral central bank digital currency arrangements exist — Project mBridge among them, developed with the Bank for International Settlements until it handed the project to its partners in October 2024, and now run by the central banks of China, Thailand, the United Arab Emirates, Hong Kong and Saudi Arabia. Its stated purpose is faster and cheaper cross-border payment and foreign-exchange settlement; that such a system could reduce reliance on a dollar intermediary is this study's inference and not a declared aim. Separately, dollar-pegged stablecoins, whose reserves are held largely in short-term Treasury securities, create a countervailing captive demand for American government debt.

4.5.4 Research capacity

One further series bears directly on the 2050 horizon, because the industrial and energy transitions the projections assume are downstream of research done now. The National Institutes of Health made 39,239 research project grant awards in the 2025 financial year against 41,470 the year before. The National Science Foundation made 8,377 new competitive awards against 10,591, a fall of just over a fifth.

FIGURE 4.5 Federal research awards, 2024 and 2025 financial years

NIH grant funding rose over the same period, from 25.721 to 26.503 billion dollars: fewer awards, larger each.

Source: National Institutes of Health; National Science Foundation. Measured. Full-year 2026 totals were not available at the cut-off.

The funding figure moves the other way and the distinction matters. Total research project grant funding at the Institutes rose from 25.721 to 26.503 billion dollars. Fewer awards were made, and each was larger. Whether that is a consolidation of effort or a narrowing of it is not something the award counts can settle, and this study does not settle it.

Alongside the funding, the advisory machinery was reduced. Twenty-two federal advisory committees were terminated in two broad agency actions in February and March 2025, and two further named comm-

(35) IMF Currency Composition of Official Foreign Exchange Reserves. The Fund revised the series back only to the first quarter of 2000 in a 2025 methodological change, so the 1999 observation is not fully comparable with the later ones.
(36) This absence is itself a finding. Claims about the dollar's 2050 position that circulate without attribution have no institutional source behind them.

ittees were terminated later — an estimated minimum of twenty-four. Three prominent scientific committees were reconstituted with different membership. The twenty-four are of mixed remit: no authoritative government-wide count restricted to scientific committees exists, so this is a floor for advisory committees generally and says nothing exact about scientific ones.(37)

4.5.5 The share of the world economy

The last series sets the rest in proportion. On the International Monetary Fund's April 2026 projections, the American share of world output falls from 20.42 per cent to a projected 13.88 per cent on the purchasing-power basis the Fund publishes directly. On market exchange rates the fall is from 29.85 per cent in 2000 to 24.89 per cent in 2030 — figures derived here by dividing the Fund's United States series by its world series, with a projected numerator for 2030. In manufacturing the direction is the same: the United States accounted for 15.0 per cent of world manufacturing value added on the United Nations Industrial Development Organization's 2024 estimate, and that body's 11 per cent for 2030 is a mechanical scenario applying average 2010 to 2019 growth rates rather than a structural forecast.

For 2050 no institutional projection of either series exists. The most cited figure — a purchasing-power share of just under 12 per cent — comes from a consultancy scenario published years before this period and is not comparable with the Fund's work. It is reported here as what it is, and is not used in any argument in this study.(38)

PART FOUR · SECTION 4.6

The capacity contradiction

The projections in this Part rest on an assumption that is rarely stated. They assume a United States that executes: that the CHIPS Act is administered, that the energy transition is delivered, that a tax base is restructured before the trust funds are exhausted, and that the statistical and scientific apparatus underpinning all three continues to function.

Those are administrative undertakings. They require a technical civil service with institutional memory, agencies that comply with court orders, and statistical agencies whose output can be relied upon. Part Two documented a workforce reduced by 264,000 posts to its smallest since 1966, 50,000 positions converted to at-will status, collective bargaining ended for two-thirds of the workforce, a real-terms pay cut, and a federal agency declining in writing to execute a final court order.

This study does not claim that the projections are therefore wrong. Projections of this kind are conditional by construction, and the condition here is administrative capacity — a variable none of the projecting institutions models. What the record establishes is that the condition is no longer safe to assume, and that it deteriorated during precisely the period in which the obligations it must discharge grew larger.

(37) Federal Register termination notices, February–March 2025. The absence of a government-wide scientific-committee count is itself recorded in Table 5.2.
(38) International Monetary Fund, World Economic Outlook, April 2026 vintage; UNIDO estimates; PwC scenario work. The 2050 gap is recorded in Table 5.2.

TABLE 4.3 — WHAT EXECUTING THE PROJECTIONS WOULD REQUIRE, AND WHAT THE PERIOD CHANGED

What execution would require	What the record of 2025 and 2026 shows	Where
A civil service able to administer complex programmes	264,000 posts cut, the smallest federal workforce since 1966; 50,000 positions made at-will	2.7
Agencies that carry out final court orders	A federal agency declined a final order in writing	2.3
Statistical series fit to steer policy by	About 350 producer price indexes and 900 regional employment series discontinued; October 2025 unrecoverable	2.8.1
Independent regulators setting technical rules	Rulemaking, budgets and legal positions brought under presidential supervision by order	2.6
Scientific advice feeding regulation	An estimated minimum of 24 advisory committees of mixed remit terminated; no scientific-only count is published	4.5.4
A research base feeding the 2050 transitions	NIH research awards down 5.4 per cent; NSF new competitive awards down 20.9 per cent	4.5.4
Fiscal room to pay for all of it	**Debt passes the 1946 wartime peak in 2030; net interest becomes the largest budget line by 2056**	**4.4**

The left column is this study's reading of what the projections would take to deliver, not a variable any of the projecting institutions models. The right column restates measurements sourced where the last column points; the percentage changes in research awards are derived here from the counts in Section 4.5.4. The table sets the two side by side; it does not estimate the effect of one on the other.

4.6.1 What would settle it

An open question is more useful if it is stated so that evidence could close it. Three observable series would do so between now and 2030, and none of them requires a new methodology.

The first is delivery against the CHIPS and Science Act schedule. Capacity that arrives on time is evidence that the administrative machinery still works; capacity that slips while the appropriations remain in place is evidence that it does not. The second is the ratio of appeals received to appeals decided at the Merit Systems Protection Board. A backlog that clears indicates a system absorbing a shock; a backlog that compounds indicates a system that has lost the capacity to process its own caseload. The third is the completeness of the federal statistical series themselves — whether the discontinued producer and regional employment indexes are restored, and whether releases resume their published schedule.

Two further tests are available but slower. Whether the refund liability created by the tariff ruling is discharged in full, and on what timetable, measures the administrative capacity to execute a judgment against the government. And whether the deficits projected for 2030 are met by revenue measures, by spending measures or by neither will indicate whether the fiscal instruments assumed by the projections are still usable.

None of these will be settled by argument. All five are published series or public schedules, and each will read the same way to anyone who looks. That is the standard this study has tried to hold throughout, and it is the standard on which its central question should eventually be answered.

BOTTOM LINE

None of the institutions projecting the American economy to 2050 models administrative capacity, and this study does not measure it either. What it records is that the machinery those projections would have to run through was reduced over the same months. Whether that changes the outcome is the study's central open question, and it is a hypothesis, not a finding.

PART FIVE

Method and **Limitations**

PART FIVE · SECTION 5.1

How the evidence was assembled

Every quantitative claim in this study carries four attributes: a value, the reference period it describes, the institution that published it, and whether it is a measurement or a projection. Where any of the four was unavailable, the claim was not made.

Sources were used in a strict order of preference. Primary United States government statistical and budget sources come first: the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Congressional Budget Office, the Government Accountability Office, the Census Bureau, the Department of Agriculture's Economic Research Service and Foreign Agricultural Service, the Office of Personnel Management, the Federal Reserve, and the Congressional Research Service. Primary legal documents follow: the Federal Register, enacted statutory text, and court opinions. Peer-reviewed research and established non-partisan institutions come next. General news media were used for chronology and for statements of official position only.

Three categories of figure are distinguished throughout, and the distinction is load-bearing:

TABLE 5.1 — HOW FIGURES ARE CLASSIFIED

Class	Meaning
Measured	A published actual for a stated period
Projected	A named institution's forecast, identified as such at every appearance
Derived	Arithmetic performed for this study, with the operation shown

Where two credible sources disagree, both figures are given and the source of the discrepancy is named rather than silently resolved. Two instances are material enough to restate here. The counts of nationwide injunctions differ between the Harvard Law Review and Congressional Research Service series because the two use different criteria for what qualifies; both are reported in Table 2.1 and they are not additive. Two commercial real estate sources give Washington metropolitan area office vacancy differently: Cresa reports 22.0 per cent for the first quarter of 2026 and CBRE 22.6 per cent on 2025 data. Both appear in Section 2.8, each with its basis.

Advocacy organisations are identified as such wherever their figures are used. The Department of Veterans Affairs waiting-time series in Section 3.3 originates with the Vet Voice Foundation, and is presented as that organisation reports it rather than as an official statistic.

5.1.1 On attribution and causation

The central methodological difficulty in a study of this kind is separating deterioration caused by policy aimed at a group from deterioration caused by the general economic environment. Where the two could not be separated with available evidence, this study says so rather than assigning a cause the data does not support.

The clearest instance is industrial output. Between March 2025 and July 2026 the industrial production index rose while manufacturing employment fell. Official records do not attribute either movement to the tariff measures, and neither does this study. What is asserted is narrower: over the window in which the measures were in force, the manufacturing employment that was their stated object did not increase.

The same discipline governs Section 3.3. That waiting times lengthened after a 17,000-post reduction is documented. That longer waits caused deaths is not, and is not claimed. What the record shows is that 61 per cent of veterans who died by suicide in 2023 were outside the system's care, and that the system's reach was subsequently reduced.

PART FIVE · SECTION 5.2

What the record does not contain

A study that reports only what it found overstates its own completeness. The following are gaps in the public record as of 24 August 2026, and each was left open rather than filled with an estimate.

TABLE 5.2 — REGISTER OF GAPS IN THE PUBLIC RECORD

Subject	What is missing	What would establish it
Poverty	Any 2025 or 2026 measurement	Census annual income and poverty release
Foreign direct investment	Full-year 2026 flows; only Q1 is published	BEA annual international transactions
Agricultural origin shares	Complete 2026 country shares	Full-year China customs reporting
Dollar reserve share	Any institutional projection to 2030 or 2050	The IMF publishes none; only third-party work exists
Military food insecurity	Any measurement after the 2023 survey	A further Department of Defense survey
Farm relief distribution	Official distribution of payments by farm size decile	USDA programme-level disbursement data
Farmer mortality	Suicide rates disaggregated for farm operators, 2025–2026	CDC occupational mortality reporting
Real federal pay, 2026	A twelve-month price change to set the 1.0 per cent increase against	An annual PCE or CPI figure for 2026, once the year closes
Net farm income, 2026	Which of two USDA vintages to use: 153.4 or 183.3 billion dollars	A reconciled Economic Research Service and baseline figure
Retaliatory losses	Export volume losses by commodity and destination	Matched customs series on both sides
Scientific advisory committees	Any government-wide count restricted to scientific committees	A consolidated Federal Register or GSA tabulation
Statistical agency staffing	A single reconciled headcount for the Bureau of Labor Statistics	Departmental and OMB definitions brought onto one basis
Share of world output	Any institutional 2050 projection, of output or of manufacturing	A UNIDO or IMF long-horizon series; only consultancy scenarios exist
October 2025	Household employment and consumer price data for the month	Nothing; the Bureau states the month cannot be reconstructed

One entry in that table is different in kind from the others. The gaps above it are things not yet published, and a later release may close them. October 2025 is not a delayed measurement but an absent one: no household survey was collected and no consumer prices were recorded during the lapse in appropriations, and the Bureau of Labor Statistics states that the month cannot be reconstructed retrospectively. The same lapse cancelled two of the three estimates of gross domestic product for the third quarter of 2025. Section 2.8.1 sets out the wider reduction in the statistical apparatus during the period this study measures, which is a limitation on the study itself and not only on its subject.

Two further limitations are structural rather than evidentiary. First, several of the events described here occurred close to the research cut-off; litigation status in particular is a moving quantity, and every legal claim in this study carries the date on which it was accurate. Second, this study measures a period still under way. The full effect of a reduction in administrative capacity is not observable while the reduction is still being made, and the most consequential question identified in Section 4.6 is by its nature not yet answerable from evidence.

A NOTE ON WHAT IS NOT CLAIMED

This study makes no claim about intent. It records decisions, the institutional responses to them, their measured distributional effects, and the projections published by named institutions. Where the word "redistribution" is used, in Section 3.6, it describes an effect documented on both sides of the same legislation — not a purpose inferred from it.

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About this study

This study examines the second Trump administration's decisions and their effect on the institutions of the American state, on three specific groups of Americans, and on the American economy over the horizons to 2030 and 2050. It was prepared at Al Habtoor Research Centre on a research cut-off of 24 August 2026.

All quantitative claims carry the institution that published them and the period they describe. Figures that are projections rather than measurements are identified as such at every appearance, and figures derived for this study are marked with the arithmetic shown. Where two credible sources disagree, both are given and the disagreement is named. Where the public record contains no answer, Section 5.2 records the gap rather than filling it.

The study contains 14 figures and 14 tables, listed on their own page in the front matter, together with the abbreviations used and a glossary of the terms particular to its subject. Sources are listed alphabetically at the end; every link was opened and checked. Corrections and questions may be addressed to the Centre.

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